



April 12, 2002

The Honorable Steve Peace  
Joint Legislative Budget Committee  
State Capitol, Room 3060  
Sacramento, CA 95814

Dear Senator Peace:

Pursuant to Government Code Section 14669(c), I am pleased to report that the Department of General Services (DGS) has entered into two real property leases during calendar year 2001. Each of these leases involves office space and contains an option to purchase.

- Department of Justice, Richmond (DOJ)- A lease was executed in July 2001 to secure a 66,381 net usable square foot DNA Forensic Laboratory for the DOJ in Richmond. The lease agreement has a 54-month firm term and a 10-year total term. The monthly rent structure is as follows:

<u>Year</u>	<u>Monthly Rent</u>
1	\$535,374.44
2	\$542,012.44
3	\$548,650.44
4	\$555,288.44
5	\$561,926.44
6	\$569,892.44
7	\$241,627.00
8	\$246,937.00
9	\$250,920.00
10	\$254,903.00

The option to purchase is designed to allow the state to purchase the leased building and an immediate, adjacent building at any time during the first four years. The purchase right allows the state the option to purchase the leased and adjacent building separately or together. The terms of the purchase option are as follows:

<u>Year</u>	<u>Cost/Both buildings</u>	<u>Leased building (separate)</u>	<u>Adjacent Building</u>
1	\$27,766,497.00	\$17,551,639.00	\$10,214,858.00
2	\$28,568,915.00	\$18,106,339.00	\$10,462,576.00
3	\$30,157,917.00	\$18,667,812.00	\$11,490,105.00
4	\$31,064,589.00	\$19,266,563.00	\$11,798,026.00

- Department of Transportation, Marysville (DOT)-A lease was executed in August, 2001 for a new 49,511 net usable square foot build to suit, office building in downtown Marysville within walking distance of the existing DOT District Headquarters. The monthly rent structure is as follows:

<u>Year</u>	<u>Monthly Rent</u>
1-6	\$72,983
7-8	\$81,829
9-Thereafter	\$85,368

The state has a three-year option to purchase the new facility beginning in year three through year six of the lease at a purchase price of \$176 per net usable square foot, or \$9,152,000.

If you have any questions, please contact Phillip J. Salamy, Chief, Real Estate Services Section, Professional Services Branch, Real Estate Services Division, Department of General Services, at (916) 375-4151.

Very truly yours,

Dennis D. Dunne, Chief Deputy Director  
Department of General Services

cc: See Attached Distribution List # 4  
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